

APPENDIX C

**GASOLINE MARGIN ANALYSIS,
WESTERN STATES**

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The following figures depict a breakdown of gasoline prices between January and August of 2006 for 12 western states. The definitions for each of the price components are as follows:

- **Crude Oil** - The crude oil cost component represents the refiner's acquisition cost of crude oil. The crude oil cost component is based on the market price of Alaska North Slope crude oil. Alaska North Slope crude oil prices are used because it is "middle of the road" pricing compared to lower cost (and quality) California crude oil and the higher priced (and higher quality) West Texas Intermediate crude oil price. Vertically integrated oil companies may have lower acquisition costs due to direct ownership of oil producing fields.
- **Refiner Margin** - Refiner Margin (costs and profits) is calculated by subtracting the market price for crude oil from the wholesale price of gasoline. The result is a gross refining margin which includes the cost of operating the refinery as well as the profits for the refining company. For simplicity, the refining margins shown are based on producing one barrel of gasoline from one barrel of crude oil. No adjustments are made for other refined products.
- **Taxes** - Taxes are estimated based on various state and federal taxes applicable to gasoline purchases. These include the Federal Underground Storage Tank Fee (0.1 cent per gallon).
- **Distribution Margin** - The distribution margin is calculated by subtracting the average wholesale gasoline price and taxes from the weekly average retail sales price. Similar to the refining margin, the distribution margin also includes the costs and profits of operating the retail gas station as well as various transportation and storage fees incurred once gasoline is moved from the bulk terminal to the retailer.

Figure C-1

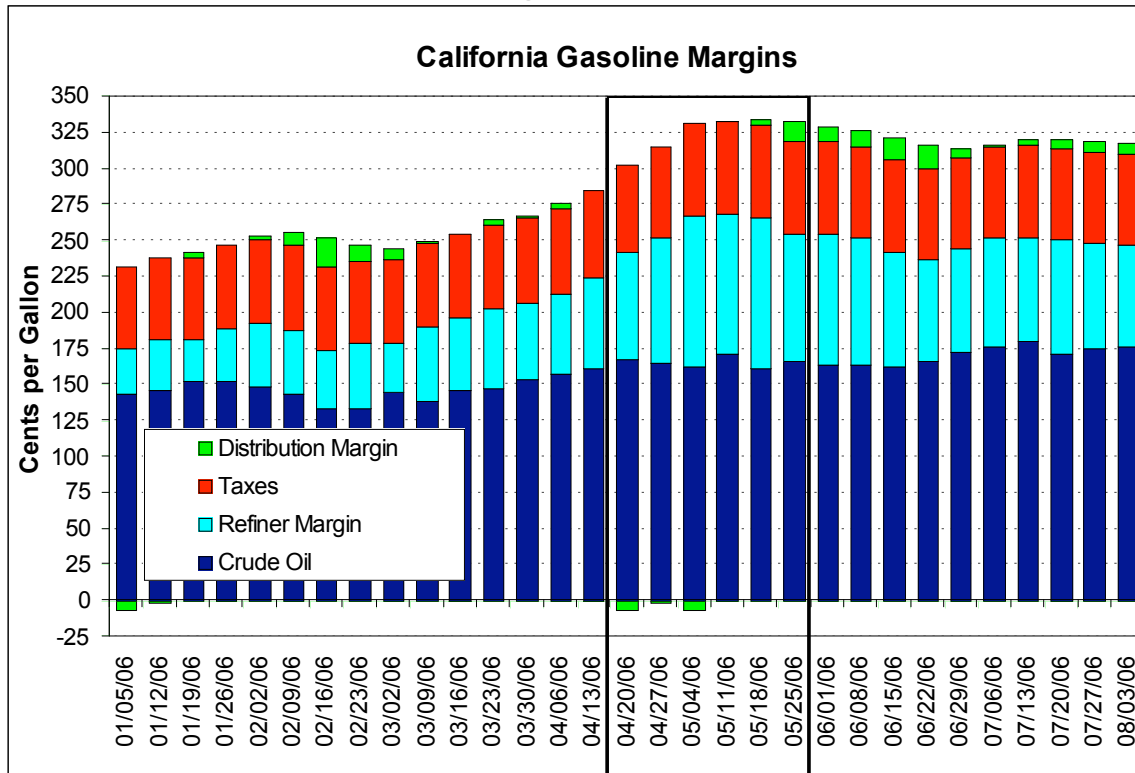


Figure C-2

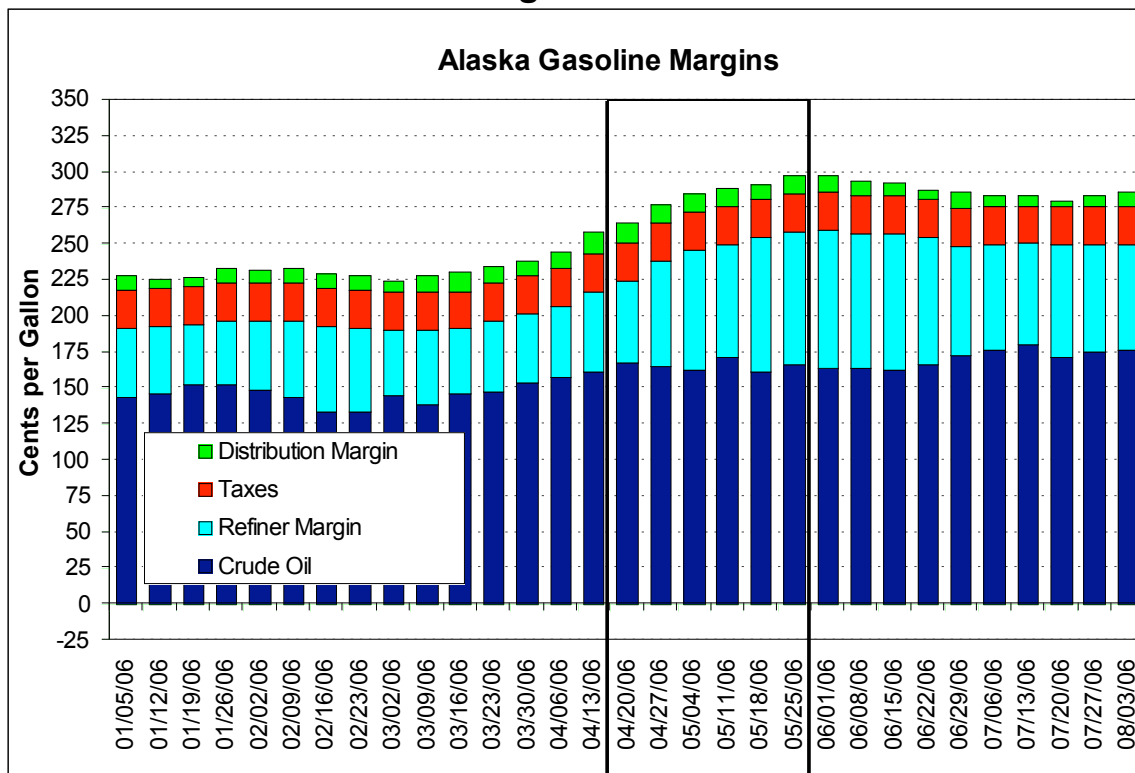


Figure C-3

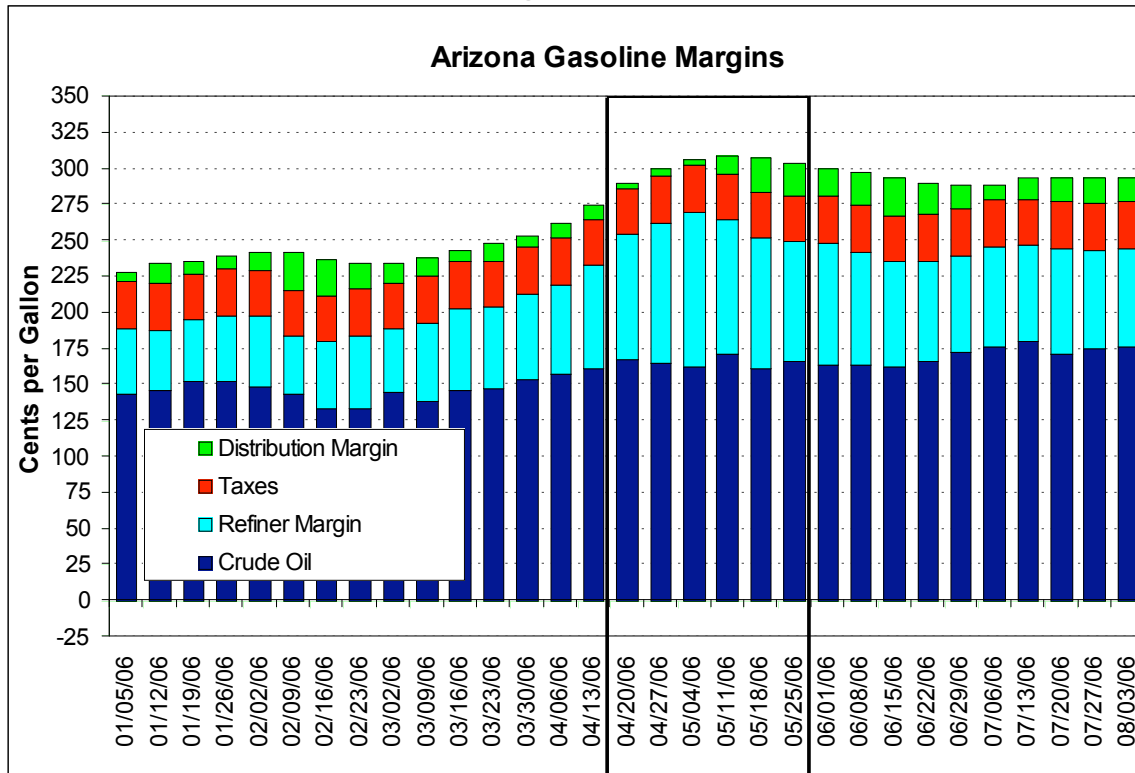


Figure C-4

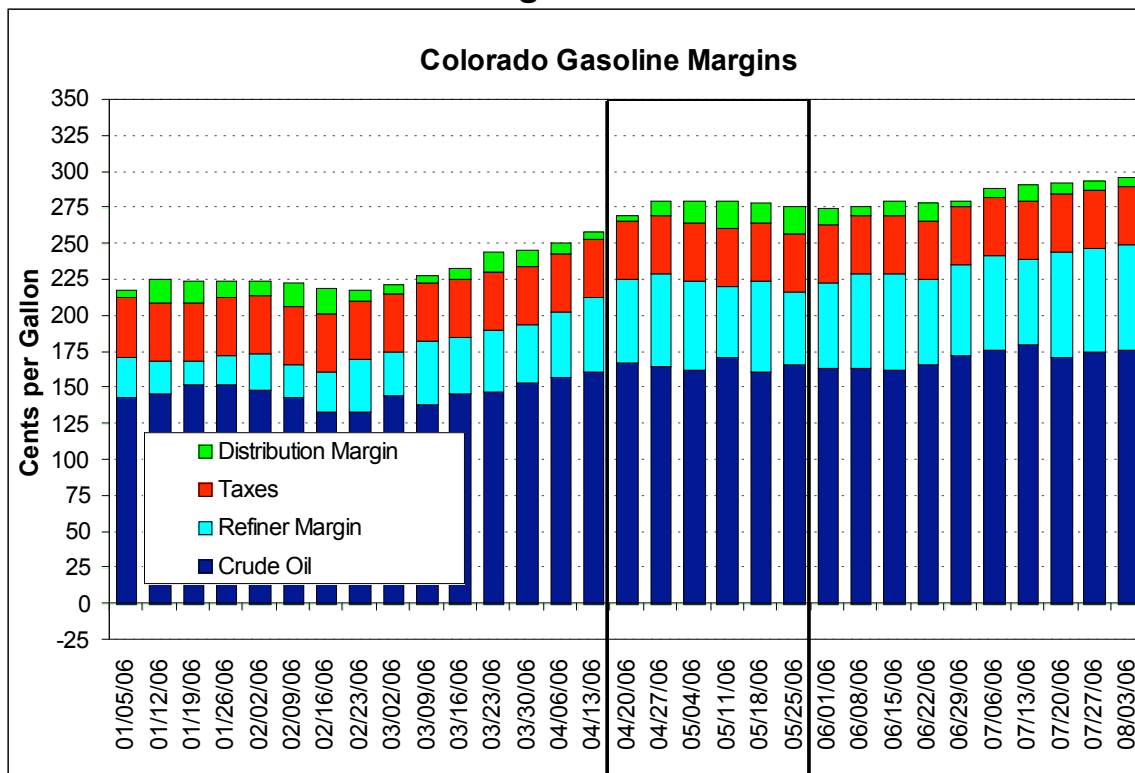


Figure C-5

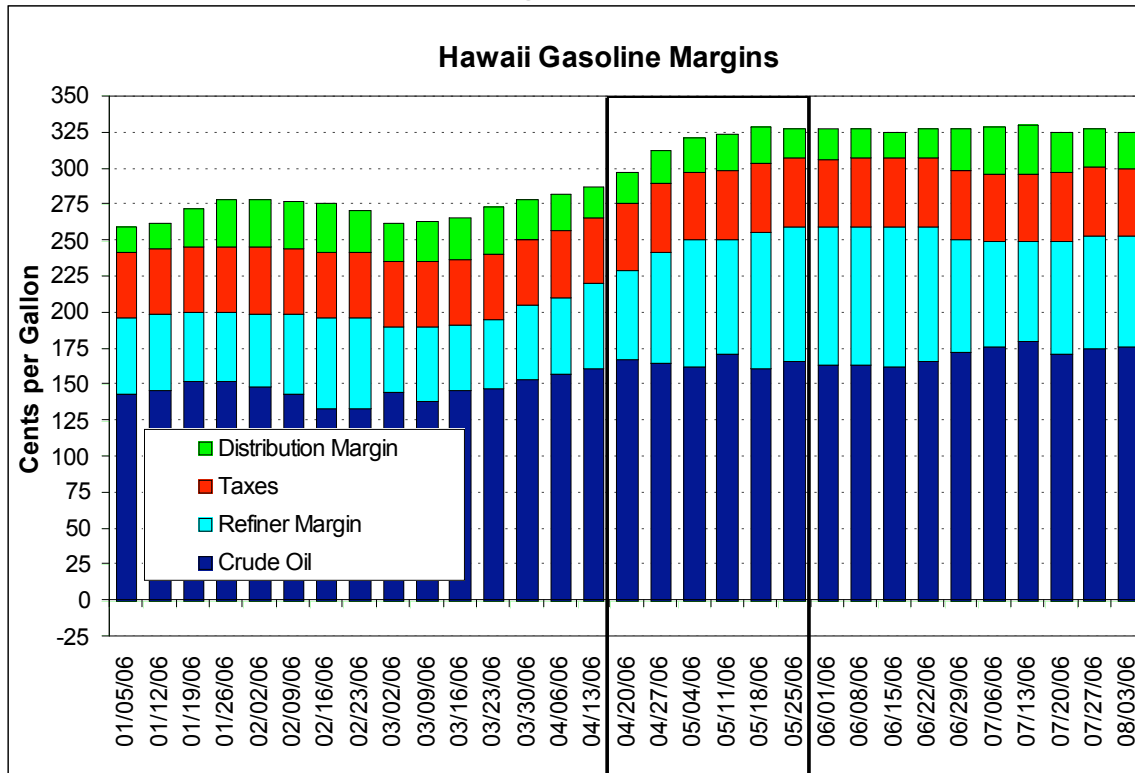


Figure C-6

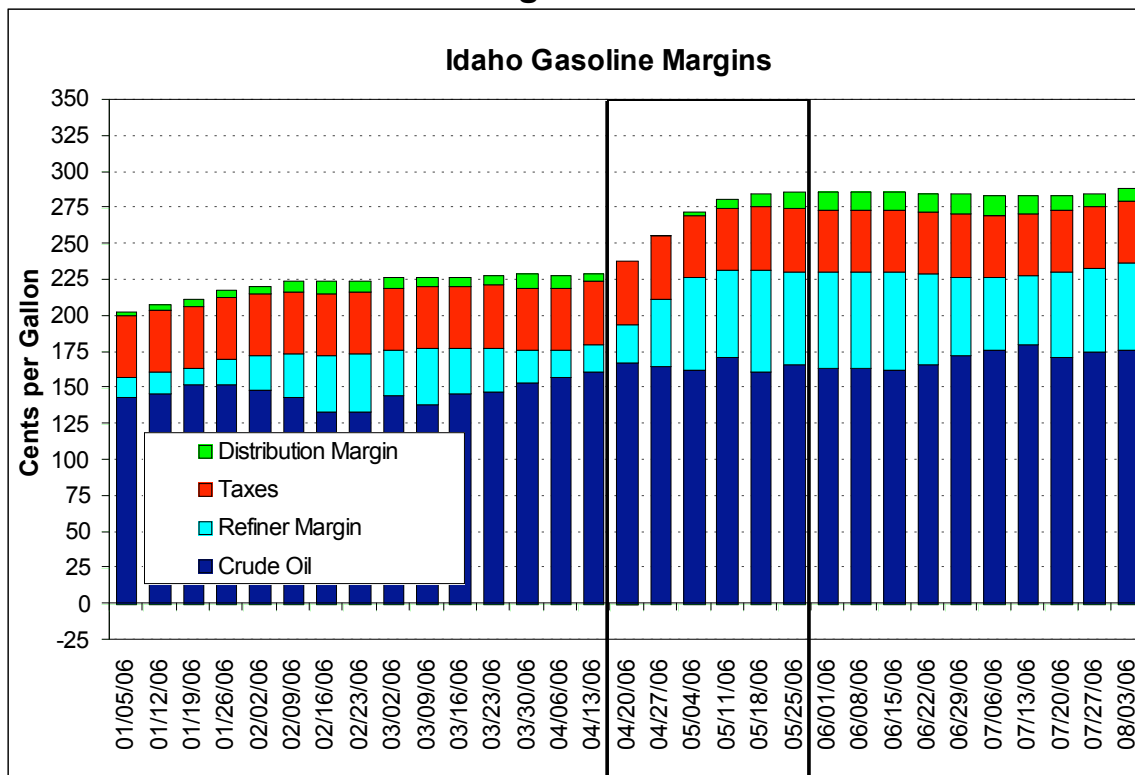


Figure C-7

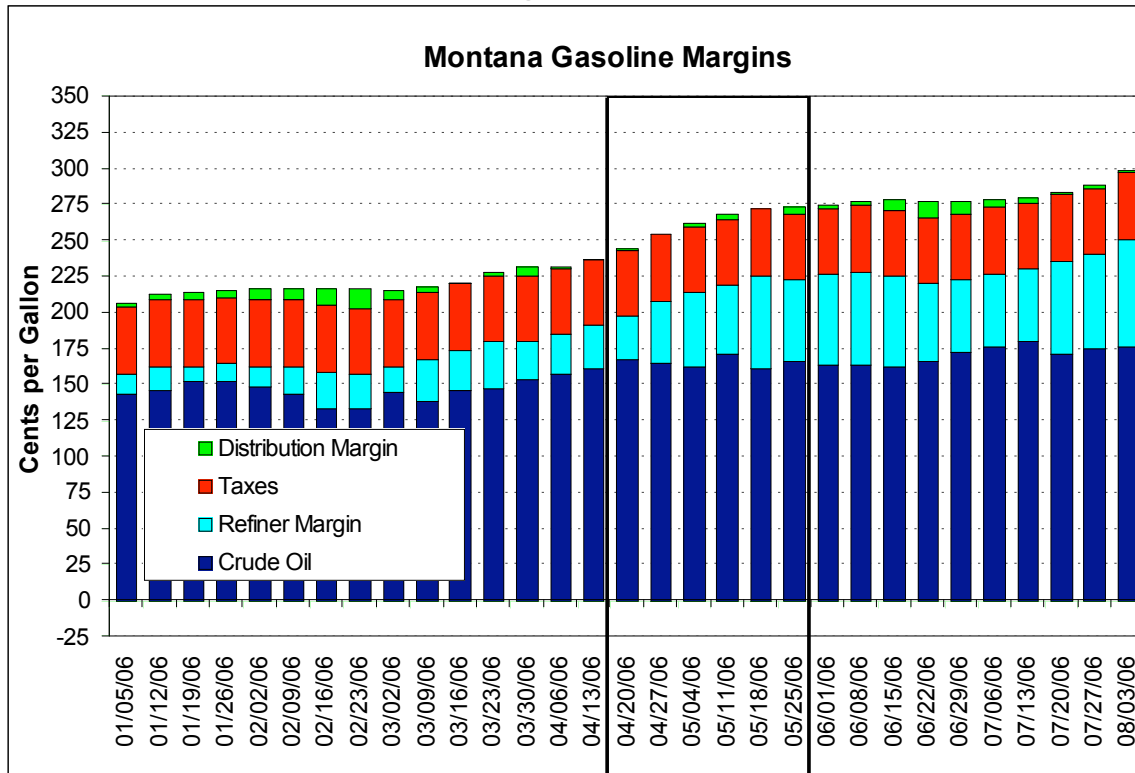


Figure C-8

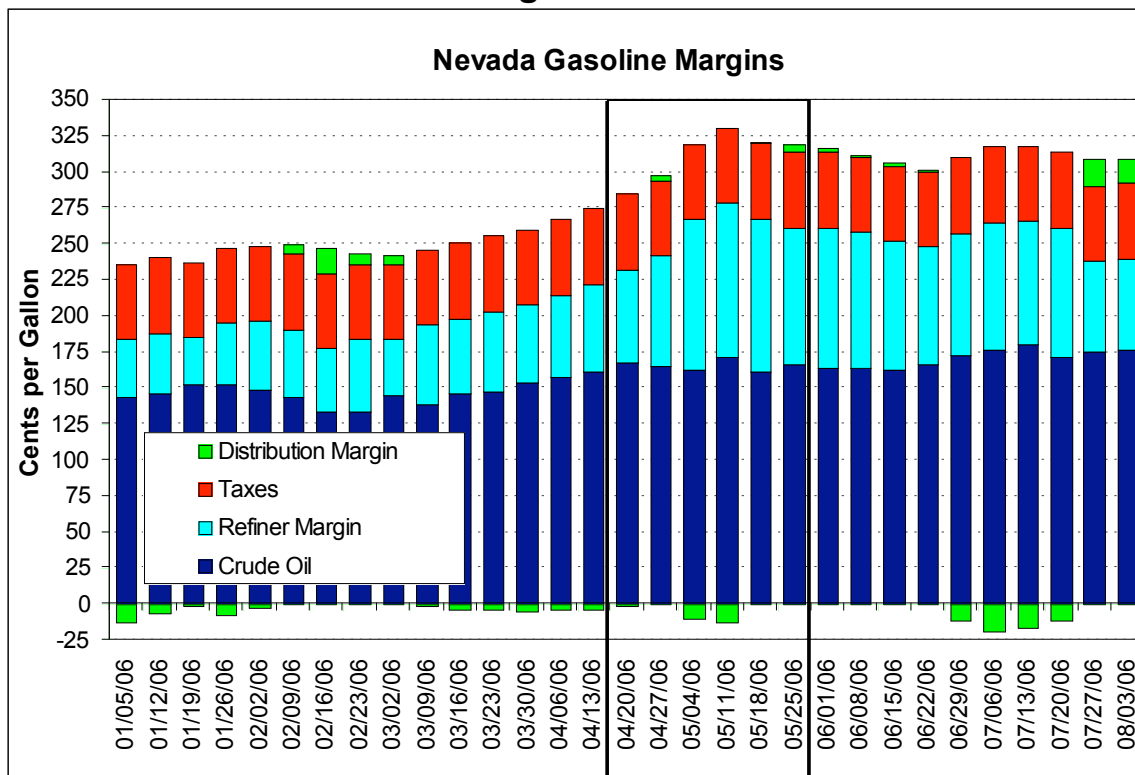


Figure C-9

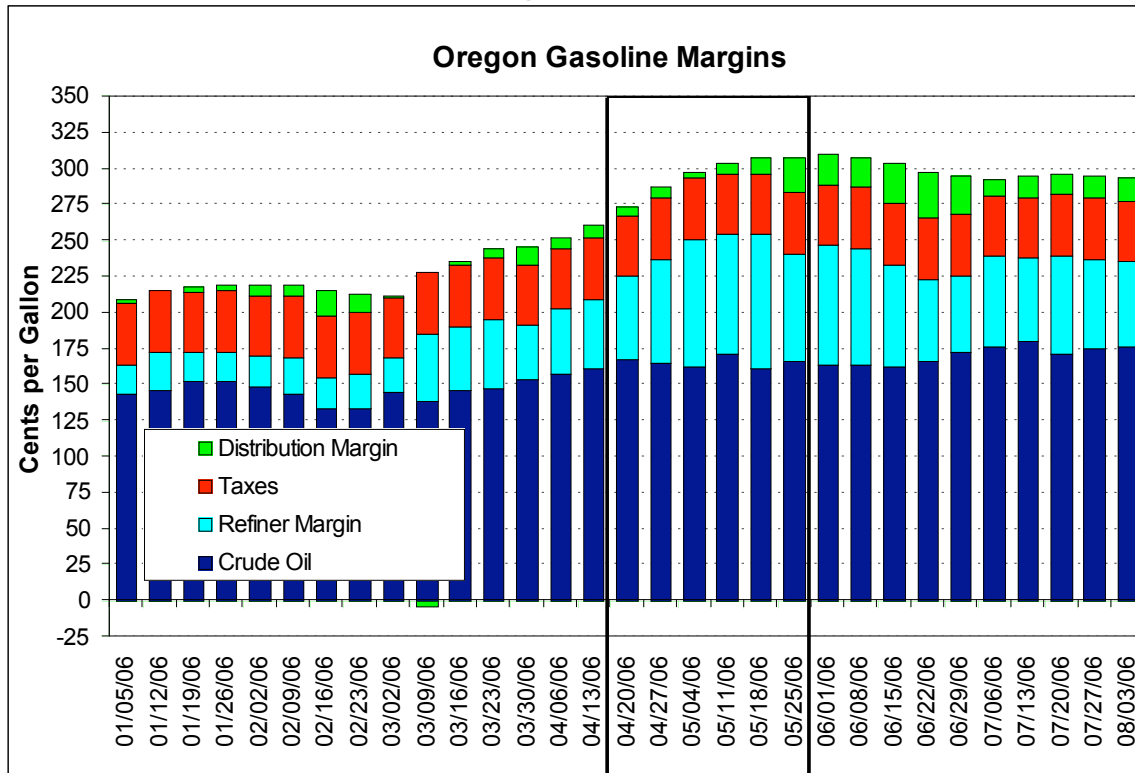


Figure C-10

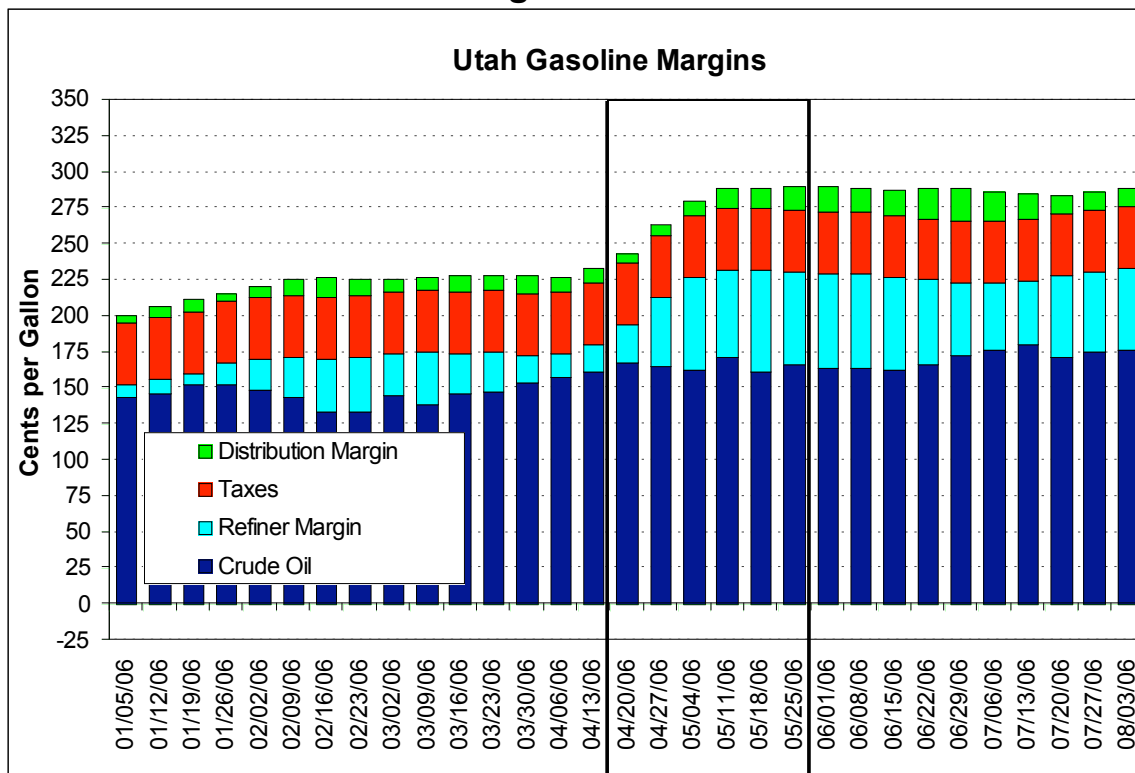


Figure C-11

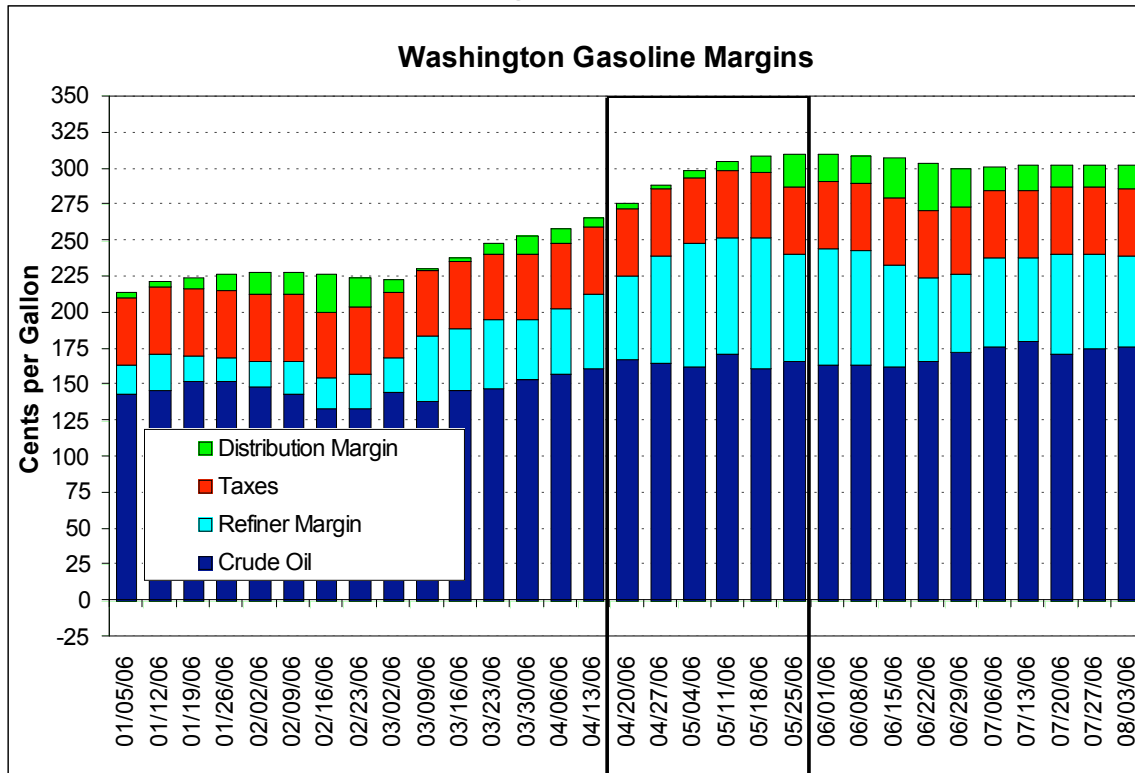


Figure C-12

